



LEADING RURAL ROMANIA FROM CHALLENGE TO CHANGE

2003-2007



CONTENTS

THE CHALLENGE 3

- Needs Assessment 4
- The Model 4
- Key Actions & Events 7
- Client Profiles 12
- Impact 17

THE CHANGE 18

- Results achieved 20
- Outcomes 21
- Key Actions & Events 22
- Impact 24
- Conclusions 25

THE ROAD AHEAD 26

the challenge

The Rural Finance Leaders Development Program (RFLD) was managed through the U.S. Department of Agriculture's (USDA) Agribusiness Development and Policy Support Project (ADAPS) and financed by the U.S. Agency for International Development (USAID). Iowa State University (ISU) worked with USDA to design and implement the RFLD program for Romania.



The project provided team building and technical assistance with the aim to improve credit access in rural regions of Romania.



The pilot program involved Banat Region - including Timiș, Arad, Hunedoara, Caraș Severin Counties, and Oltenia Region - including Dolj, Mehedinți, Gorj, Vâlcea and Olt Counties.

It was then extended to two other regions: Moldova - with Iași, Vaslui, Suceava, Botoșani, Bacău and Neamț Counties, then in Transylvania - covering Braşov, Sibiu, Covasna, Alba, Mureș, Cluj and Sălaj Counties.

From 2005 through 2007 the program covered a total of 21 counties throughout Romania.

Needs Assessment

In 2003 Romania was facing the following problems:

- The decision to privatize small parcels of land to be given to Romanian citizens caused in many cases the break up of large cooperatives and farms.
- The private rural sector was underserved in regards to financial resources. A study performed by the World Bank in 1998 indicated 80% of the rural households had no credit experience.
- The SAPARD program was organized and released to entice business sector development in accordance with EU regulations, but the funds were not fully utilized, especially within the rural sectors. The concern was that, if the funds were not used soon, they would be returned to the European Union.
- A Rural Credit Guarantee Fund (RCGF) was functioning, but due to the National Banks assessment that it was not a government agency, agricultural loans were still classified in light of the guarantee. Commercial Banks felt it did not provide the guarantee they needed to overcome their fear of agricultural loans.
- Romanian Commercial Banks were expanding their market share in the private sector through the financing of cars, appliances and apartment remodeling efforts. Agriculture was not seen as a sector of interest due to perceived risk. Primarily most Commercial Banks lacked knowledge of the business of agriculture and how to finance it.
- Micro-credit NGOs were serving some of the rural credit needs, but they lacked the funding needed to meet the growing demand.

Our target beneficiaries' credit needs tended to be larger than micro financing program capabilities, but smaller than what was currently being serviced in the credit market.

The Model

The project model was designed with support of two International advisers to the project, Charles Ertzinger and Ron Prescott. It focused its efforts on the grass roots level in creating support teams in each county and providing them the resources and training needed to complete the project objective.

The project objective was to create a team of people that would be able to assist the farmers and agribusinesses in accessing credit from Commercial Banks. Therefore a pilot program was developed to:

- Provide small agribusinesses with the tools needed to access credit.
- Create relationships with both private and public consultants and help them understand how to develop a business plan for small agribusinesses.
- Contact local banks and other financiers to understand the changes taking place within the sector, and the credit products available to farmers.

Goals

1. Assist in the financing of new projects in the pilot regions.
2. Develop a record keeping system for Romanian farm enterprise managers that will assist them in designing a logical, transparent business plan.
3. Train current leadership in developing viable business plans for rural finance.
4. Monitor and address the issues that prevent rural inhabitants from access to the credit they need.

Charles Erzinger has been involved in agriculture credit for 40 years, the past 16 of which in Central and Eastern Europe. Ertzinger has 10 years of commercial banking from 1967 to 1977 with last two years as president of a community bank near Chicago. After 4 years of international experience in the Eastern Mediterranean region, Ertzinger returned to the United States to establish a successful bank consulting firm, serving banks with asset vulnerabilities, mainly loans with high risk. After selling that business in 1989, Ertzinger went on to join the staff of Iowa State University, teaching banking, namely agricultural finance, to the emerging democracies. In 2003-2004, Ertzinger consulted with USAID, Romania, in the Rural Credit Leadership Development Project. In 2005, Ertzinger became CEO of a micro finance institution in Albania and since 2007 he is CEO of Opportunity Microcredit Romania.

Ron Prescott is the Assistant Director for the Center for International Agricultural Finance at Iowa State University in Ames, Iowa. Since 1994 he has provided technical assistance in the area of Agricultural Credit to professionals representing over twenty-three countries. His background as a former President of a Community Commercial Bank in Iowa and his years of experience as an Agricultural Loan officer has brought an element of practicality to the RFLD program training model. Growing up on a Northern Iowa farm producing Swine, Corn and Soybeans has enhanced his credibility with rural producers and allows him to deliver workshops in a very “hands on” fashion.

The Model Structure

Four team members make up the local project model, they include:

1. Beneficiaries:

- Family owned agribusinesses
- Ideally under the age of 40 years

2. Identifiers:

- County extension agents (OJCA)
- Agricultural County Departments (DADR)
- Private consultants
- Retail suppliers
- Local clergy from the Metropolitan Church

3. Initiators:

- Private consultants
- Public consultants (OJCA)

4. Funding agents

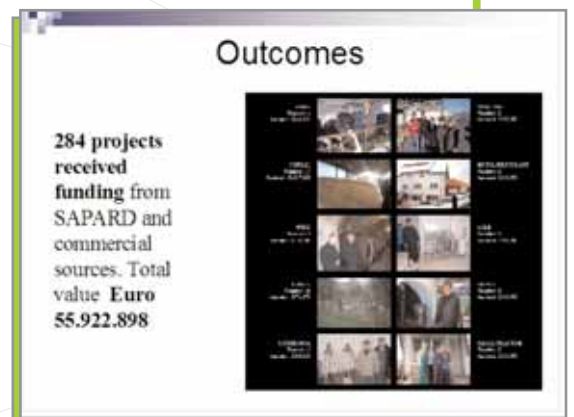
- Romanian banks
- Micro credit organizations
- Romanian loan guarantee institutions
- SAPARD Program
- Input suppliers/leasing



The Process

The **Identifier** recognizes the characteristics that the program is looking for, and may use “credit kit” training sessions to filter out serious credit beneficiaries. The screening report is a simplified business plan covering basic financial information about the project and **Beneficiary**. Once a screening report has been completed by the **Initiator** and approved by the RFLD Director, the project was presented to a **Funding agent**. The process was facilitated as needed by RFLD staff, and in many cases the project introduced Initiators to their local Funding agents.

Each County team network was overseen by a **regional program director**. The regional directors were the key agents of change in the process. They established and maintained the relationships between Beneficiaries, Identifiers, Initiators, and Funding institutions, through intensive meetings and various opportunities for dissemination and exchange of information. They also collected intervention information and project data from their regional counties and ensured coherence of the model throughout the regions.



Key Actions & Events

Young Business Professionals' Program (YBP)

- in 2004, we organized a competition to select four agribusiness professionals under the age of 40 years to travel to the United States and learn more about their profession from a peer business person in the Iowa. A second competition followed in 2005, and six participants represented Romania during a joint YBP program with Bulgaria.



Credit Kit - RFLD created a basic record book to help the producer verify his income and expenses when working with consultants and bankers. A second document was created as a bi-fold piece including a cash-flow worksheet, income statement and balance sheet. Two thousand copies of the agricultural record keeping system were provided to OJCA trainers, which will help the farmers to access loans from Commercial Banks.



Financial Consultants' Seminar - 80 consultants from the Banat, Oltenia and Moldova Regions took part in two workshops held in Băile Herculane (2004) and Vatra Dornei (2005) that focused on the development of agribusiness plans.

Young consultants' training - 400 young people, students or graduates from all regions were trained on identifying business ideas in rural areas and business planning.

Strategy Session for Savings Bank (CEC) - a team of financial specialists from Iowa assisted 40 middle management and Savings Bank officers in areas related to marketing, leadership and management strategies that would facilitate the upcoming changes in their bank.

Metropolitan Church Feasibility Study, Moldova Region - After land restitution, the Church gained its former agricultural assets. The Church leadership needed to know which business to focus on, and asked RFLDs assistance in completing feasibility studies. Three RFLD consultants prepared feasibility studies for the Church in the counties of Suceava (tourism) and Iași (winery).



Sâmbata Monastery, Transylvania Region: Blueberry Production Business Plan - the monastery wished to start a blueberry farm that would encourage others in the community to follow this example. RFLD provided funds for the feasibility study and the initial business plan to start the new business on property owned by the monastery.



Valea Almajului, Banat Region: Milk Association Establishment - nine communes asked for RFLD support in setting up a milk cooperative in their area. The concern of the dairy owners was that the new EU requirements may put them out of business, and they were exploring various ways to safeguard their livelihood. A group of farmers created a steering committee to decide which model would be best for their region.



Unemployed Miners Strategy Workshop, Oltenia and Banat Regions - Over the past few years there have been substantial layoffs of miners in Romania. Mine administrators and Miners Union leadership requested RFLD to come up with a plan for unemployed miners to start new businesses in agriculture. As a result, we organized a workshop on starting up an agribusiness for each mine included in this project.

Brâncoveanu Monastery Training - Transylvania Region - A group of counselors, priests, administrative staff, economic and social advisors from Transylvania Metropolitan church attended a training seminar held at Brâncoveanu Monastery, Sâmbăta de Sus, Braşov County. The request for such an event came from His Eminence Laurenţiu, the Metropolitan of Transylvania, who wanted his counselors and priests to gain the necessary skills for designing a project proposal and a business plan. The training brought immediate tangible results as the 23 trainees have developed 21 projects proposals.



Training students from the Romanian-German University Sibiu, Transylvania Region - In line with our goal to develop consulting capacity, we delivered a 3-day training on project design, business planning and management targeting young students interested to provide assistance in rural areas. During the seminar, they developed 24 project proposals.

Enhancing the Absorption Capacity of EU Funds in Romania for the period 2007-2013, Transylvania Region - 37 mayors, counselors and private entrepreneurs from Braşov, Mureş and Sibiu Counties gained specific knowledge of the European Union as an actor in the international environment, received insights on the EU's external relations and its internal decision-making processes. The training was designed to equip the mayors with a comprehensive understanding in contemporary European affairs and public policy within the context of the European Union.



Rural Youth Agribusiness Field Day, Moldova Region - in 2006 we organized a Youth Farm Day together with a local priest of the Metropolitan Church, from Buhalniţa village. The objective was to show the youth that there was a future in agriculture and there were examples of successful business ventures in their region. 30 young people visited various types of agribusinesses and some new activities in the rural area.



Swine Business Plan Development Seminar, Moldova Region - in cooperation with World Vision and CAPA, RFLD delivered a village level program for swine production in Cepleniţa commune, Iaşi County. Good business opportunities were available for farmers, as a local swine genetics company was providing the breeding stock to local farmers, and provided a repurchase agreement for the livestock



produced. In parallel, CAPA offered micro loans for producer. 60 persons from 3 communes: Cepleniţa, Cotnari and Deleni attended the event. They were selected among our beneficiaries, identifiers and initiators and funding agents: farmers, local administration, CAPA loan officers, World Vision local staff, public consultants (OJCA).



Farmer Field Trips, Moldova Region - 80 persons from Iași County participated in the field trips organized in 2006 and 2007 in Neamț, Suceava and Botoșani Counties. The aim was to share with the farmers best practices in dairy farms and new business types. The participants had the chance to see how such activities are developed in similar villages, and became aware of how community development initiatives can bring benefits to each community member.



Assistance in establishing LAG's on LEADER, Moldova Region - The RFLD Regional Director provided OJCA Iași with information on the call for the first training on LEADER, and relevant materials on Local Economic Development. The specialists from OJCA reacted immediately. In collaboration with the local communities they prepared the nomination files for the 5 local action groups (LAGs). The partnership at local level was strengthened, as each partner made an inventory of all the projects and activities that they developed during the time. The main partners are: local authorities, elementary schools, World Vision

Organization, Wine-Growers' Association, Group of Women, Pro Women Foundation, Hope Foundation, Elmol Foundation - Roman, Center for Economic Development (CDE), other representatives from the civil society and the private sector from each area. The 5 Local Action Groups are organized according to the LEADER approach and are determined to remain active and to provide a viable model in the region.



Good practice exchange among RFDL regions

The story started in May 2005, when RFLD staff made a visit in Banat Region, to the Valea Almajului, an area of 9 villages where some of the best dairy cows in Romania are grown. Unfortunately, farmers in this region are not associated, and they are facing problems when negotiating with processors. In addition to the support offered to develop a milk association here, we decided to organize a trip in Transylvania Region, where there are successful milk producers' associations.

The exchange took place early July. Twelve milk producers from Bănia and farmers from Valea Almajului villages participated in this two-day trip, together with representatives of the Cattle Breeders Association and three representatives of extension offices (OJCA) from Caraș Severin. The program included a combination of field-visits, exchange of information and training sessions. There were long and intense debates on the need of farmers to associate in a new milk producers association, the relationship between producers and milk processors, how should the government support milk producers and how could the so called "euro dairy farm" be

certified, the new legislation applied in this activity (including Hazard Analysis of Critical Control Points - HACCP) and what will happen after Romania will join the EU.

The field visits were conducted by dr. Ștefan Bocz, president of "Transylvania" Milk Producers Association from Lunca Mureșului.

All the way back home, people made plans for future. They were eager to meet the rest of the farmers from Valea Almajului, to share with them their experience. The greatest success was the consensus reached by the participants to start by establishing a farmers' network. This would eventually lead to the creation of a number of dairy associations to promote the active interests of farmers and increased knowledge on alternative modern farming technologies.

These short-term exchanges have proven to be mutually beneficial as a critical foundation for sustainable and successful business developments that should further thrive, even after US Government support will cease.



Client Profiles

Apiary, Oltenia Region

Beneficiary: TARSU Constantin Family Association

Balta village of Runcu commune is located in a wonderful area of Gorj County, under the mountains and is a heaven for bee keeping due to its acacia, lime tree oak and beech trees and hay-fields.

Mr Tarsu is an important person in the village. He is the teacher of the elementary school and a hard-working farmer. He owns 100 bee hives and he wants to get 120 more, and to upgrade the apiary equipment. Due of the environmental conditions, there are opportunities to obtain **organic honey**.

Mr Tarsu's family members work in the apiary, and also undertake the other activities of their farm: growing cows, pigs, sheep, hens, taking care of the pond with carp, the big garden, the fruit trees, and working the corn field.



Early 2004, Mr. Tarsu was invited to attend the first RFLD meeting organized in Târgu Jiu. The participants were: potential beneficiaries, public and private consultants, financiers and local authorities. He decided to apply for a SAPARD grant to develop his apiary and turn it from a passion into a business. His project, worth Euro 24,000, was the first one approved in Oltenia Region for an apiary. He admitted it was difficult but the assistance of a private consultant plus RFLD was more than helpful.

Mr. Tarsu became an example for his community and other farmers from the region took heart to apply for European funds to develop their activities. Meantime he initiated a local association of honey producers, aiming to add value for such products through certification for organic honey and packaging the honey for hotels and supermarkets.

Lessons from Mr. Tarsu: “Live your life smiling, love your family and property and keep looking for new ways for your community development!”

Girbesti village, Tibana commune, Iasi County, Romania

Beneficiary: Preda Ion and Preda Cristinel

Consultants: Marius Ștefaniu and Camelia Apetroaiei (OJCA Iași)

The Preda family is living in one of the poorest areas of Romania, and is farming his land like many other farmers in Romania. Before 1989, Mr. Ion Preda worked as a mechanic specialist in the former SMA (state mechanization unit). After 1990, Mr. Preda started his own service business for agricultural equipment. He bought and repaired 2 old tractors from the former agricultural cooperative, and he managed to repair a combine and other agricultural equipments. He started to provide land servicing activities to his neighbors and he also offered such services to other counties (Galați and Covasna). Mr. Ion Preda is a farmer who understands he can be successful only if he has access to information. So, he started to work with the public consultants from OJCA Iași and he is visiting OJCA Iași office on a regular basis, looking for new information. In 2000, he managed to obtain a USD 3,000 loan from the ELMOL Foundation to purchase a truck. He also bought some cows and started to deliver home made traditional cheese to the nearby cities.

In 2005, after the February launch meeting of RFLD, OJCA Iași heard about the ProCredit Bank's micro loans for agriculture and suggested Mr. Ion Preda to apply for a loan. In March, Mr. Ion Preda obtained a loan of Lei 100 million (Euro 3,000) for stable modernization and milking equipment.

In 2006, he managed to buy a harvesting combine financed from a SAPARD project and a co-financing loan worth Euro 120,000.

Mr. Preda told us that he wishes to reach as many young farmers as possible, and to tell them that they shouldn't be hesitant in taking loans. If he would be younger he would use his energy in working even more.

This is the story of a family willing to know, to listen and to teach the new generations about real values and traditions in agribusiness.



Dairy Farm, Banat Region

Beneficiary: Banat Milch Ltd. - Mr. Mihaly Boldiş

Mr Boldiş is a veterinary who used to work in Germany and wished to come back to Romania to make “impressive things”. At present he owns an European dairy farm of 100 heads, in Turnu village, Arad County, established with funding from a SAPARD project worth Euro 130,000. Everything in this farm is high quality, modern and clean. Mr Boldiş is very young and ambitious. He is aware that he must be an example for his workers. He also understood that, if you want to apply for funds, a contract with a consultant is the best way to avoid the mistakes that may cost you time and money.

He knows that Romanian milk producers will have problems starting with 2007/2008, but the only option they have is to develop their business. This involves more investments and strong connections with financiers and consultants.

Lessons for other young agri-businessmen: Visit a similar agribusiness from an European Member State to have an “European standard”; be persistent and work with consultants to avoid problems and gain more time for the main activity.

Strong partnership between banks and consultants, for the agri-business benefit - Carpatica Bank Timisoara and Expert Consulting SRL

One of the financial institutions who understood the potential of the investments made in the rural area was Carpatica Bank. Moreover, in Timișoara they understood the role of private consultants and the advantages they can gain from partnerships with serious advisory companies. RFLD made the connections and the results appeared soon: 11 beneficiaries assisted received European grants and loans within a period of only 7 months.

Lesson: At present, in Romania, there are funds available, good consultants and potential investors in rural areas; all you need is courage, tenacity and knowledge of the business.



Mushroom farm, Oltenia Region

Beneficiary: Arnagro Ltd.

The owners brought in 1991 the former agricultural co-operative Bratovoiești, with a surface of 15 ha, located 25 km from Craiova.

For 2 years they provided mechanical services for all the small farmers in the area. In 1994 they finalized the investment in a modern mill, which is functioning very well since. Same year, they started to breed chicken, and in 1995 they finished the slaughter-house, located in the former mechanical workshop. Last year they stopped the chicken breeding activity, and closed the slaughter-house too. All the time they sold the plums from their orchard and cereals.

Mr. Motorga, the owner of Arnagro, is a well-known Romanian researcher in agricultural field, trained in USA. He is the first who developed a model of mushroom farm on compost. As there are no mushroom farms in Oltenia Region, he decided to invest in this new activity on his farm. So, in the spring of 2005 he contacted a young couple of consultants trained by RFLD and prepared a SAPARD project worth Euro 172,000.

The mushroom farm consists of 6 halls, of 900 sqm each. The crop is produced on 4 beds, with a total production of 300 to/year.



Why is this a success?

- The farm uses a new technology
- It has a laboratory for analyses and research on mushrooms (including for medicine purposes)
- The farm has a “compost preparation tunnel and platform” which provides a good opportunity for all the small farmers in the region who, instead of cleaning their fields by burning straws (a high pollution method), can now sell the vegetal residues to Arnagro.
- Mushrooms produced for medical purposes can also bring good money.

Lesson: Adapt fast, do what you like and others need!

Greenhouse for vegetables, Oltenia Region

Beneficiary: Pupăză family

Mrs. Pupăză Aurelia and her husband are hard workers, with success in the business developed in construction, retail trade and agriculture. They own a 93 ha farm in Cârcea village, Dolj County, 8 km from Craiova.

Their daughter, married in September 2005 with a colleague student in Craiova, wanted to earn money to organize the wedding. As both of them liked the nature, plants and animals, they decided to diversify the agricultural activities in the family farm.

Until 2005, this farm produced wheat, maize, and sunflower; they also obtained fruits from a small orchard and provided mechanical services to other farms.

With Mr. Papa's help (public consultant at OJCA Dolj), Mrs. Pupăză obtained a \$ 6,500 loan from CAPA Craiova to start a small greenhouse.

She intended to grow vegetables such as tomatoes, cucumbers, eggplant, and peppers using an ecological technology. This meant to eliminate the pesticides and to replace chemical fertilizers with manure.

The knowledge obtained during the 6-months farming course organized by OJCA Dolj, the management and marketing experience and the entrepreneurial skills of each member of this family allowed them to achieve this, and even to expand the greenhouse.

The farmers also learned how to use the RFLD Credit Kit, which enabled them to easier keep the accounting records of the business.

Lesson: Step by step, with courage and ambition, the results will come!



Dr. Ștefan Bocz

**President of the Milk Producers' Association "Transylvania",
Lunca Mureșului, Mureș County**

Dr. Ștefan Bocz, is an experienced veterinarian and a tireless and enthusiastic genuine leader. He is one of the most active promoters and consultants of the RLDP Project.

He launched the idea of setting-up the association in 1999. At the beginning, the association had only 20 members. In 2007 the membership increased to more than 3,000.

In 2004, Dr. Bocz initiated the establishment of the Federation of Milk Producers' Associations in Mureș County.

With the support of the RFLD project, he organized training modules for the milk producers, local leaders and milk collectors. He also fruitfully cooperated with RFLD to implement cross-border cooperation projects with Hungary. He managed to include the association in a national and European network of similar organizations, and he represented the association at various national and international events: conferences, fairs and exhibitions.

He brought European experts to Transylvania in order to certify over 60 farms as organic units.

The Federation of Milk Producers Associations is now a success story of Romanian producers and a model that will hopefully be replicated by many others in the rural Romania.

Impact

- As a result of RFLD technical assistance, **funding worth Euro 56 million was made available to agri-businesses in the regions we served**, and the financing climate gradually improved in the rural area.
- RFDL contributed to initiate and foster a much needed change in rural people's mentalities and institutions' reactions with regard to the rural area.
 - During our program we witnessed the change in the behavior of the Romanian Commercial Banks that initially said there was no money available in financing agriculture as risks are too high. Today we have Romanian banks designing specific loan products for agriculture.
 - More and more farmers started to see their activity as a business, launched new activities or expanded the existing ones.
- We helped our team members build their own networks, that would enable them to assist future clients and develop bank contacts to enhance their professional results. Thus we obtained a **cascade effect** and reached out much more people and businesses than those we assisted directly. This sustainable capacity developed as a result of our project will continue to produce beneficial effects for the rural area, long after USAID funding will cease in Romania. This is one of the most fulfilling satisfactions for the RFLD team members.
- When RFLD began working with OJCA, there were many who thought that the extension service was of very little value, and there was no way it could assist farmers in seeking credit. We saw OJCA starting to operate as a true extension service, providing timely information and practical solutions to the thousands of business people that pass through their offices each month. This is a project legacy that was initially only a dream.

“There are many Romanian people in the rural area that, when given the opportunity and professional assistance, will change their way of thinking and perform like any of their peers in Western Europe”

Ron Prescott , in country manager

t the change

The new phase in the life of our program started in October 2006. It was driven by the new needs of our beneficiaries and our wish to tackle the new challenges and opportunities of today's Romania.

The **Rural Leadership Development Program (RLDP)** financed by USAID and USDA and coordinated by CEED continued to foster the rural network that we initially established to assist in attracting financial resources in the rural area.

The main goal of RLDP was to stimulate a stronger Romanian economy by assisting important stakeholders in the rural area take advantage of the best opportunities for economic growth and by adapting to the changing needs of Romanian business.

Romania's rural economic performance has improved recently, but much more needs to be done. The economic development challenge within rural areas lies in raising output, incomes and productivity to urban levels. Major rural challenges include a narrow industry base, pressures on primary sectors like farming and fishing, the viability of small communities and economic access barriers for businesses and people. All countries and regions are striving to improve their performance and the competitive environment for business as the pace of change in the global economy becomes a reality.

For our rural economy to grow, we need to respond to the new economic development challenges that the 21st century brings:

- We need to reach scale and size to deliver economic impact
- We must identify global opportunities for growth and find the best ways in which rural Romania can benefit from them
- We need urgent and fast changes to avoid being left behind and cope with global competition

Successful economies such as Germany, Sweden, Denmark and other European countries have adopted this approach.

The project strategy was to deliver support to those stakeholders in the rural economy, which were best positioned to fruitfully generate the changes that would impact on the whole economy. Therefore the ultimate beneficiaries of the RLDP

project were SMEs located in the rural area, producers' associations, and private producers.

To assist these target groups, we pursued our work with funding agencies, government bodies, public and private organizations and consultants, as well as active local leaders that were able to seize opportunities and generate change.

We were convinced that businesses and the people who work in such institutions can power the Romanian rural economy. The success of Romania's rural businesses in becoming more productive and innovative is vital, if they are to compete effectively in the international marketplace, and allow rural Romania to achieve the level of growth and prosperity to which we aspire.

A prosperous, sustainable rural Romania must realize the full potential of its people. That means raising the productivity of existing businesses, as well as promoting entrepreneurship among the wider population. We assisted in this respect by equipping people with the skills, knowledge and confidence they needed to built their careers and seize the opportunities of a growing economy. We also worked with business and other partners to help them take a more strategic approach to business development.

The project had three **main objectives**:

- to develop the rural businesses
- to improve business knowledge and skills
- to achieve regional and national integration.

The Center for Entrepreneurship and Executive Development (CEED Romania) was established by USAID in collaboration with Small Enterprise Assistance Funds (SEAF), with the aim to carry out the legacy of USAID in the area of SME support in Romania and in the South Eastern European region.

CEED Romania is a part of an international network of CEED centers established by the USAID and SEAF, which is currently active in Bulgaria, Macedonia, Montenegro, Romania, and Slovenia, and it is in the process of further expanding in the region.

We aim to accelerate the growth of SMEs throughout Eastern and South Eastern Europe by providing practical short-term training sessions and networking opportunities, to help entrepreneurs gain the appropriate knowledge, contacts and support.

CEED provides:

- Open training events and tailored training at request, targeting mainly entrepreneurs and executives
- Networking Learning Events on the topics that are relevant in Romania
- Market access opportunities through bi or multi-lateral events jointly organized within the CEED regional network

To carry out the legacy of USAID in the area of SME support, CEED is partnering with ongoing USAID projects, including the Rural Leadership Development Program, with the aim to take over the tools, models and instruments developed for SME support, and continue to provide similar activities on a sustainable basis.

Results achieved

To work towards achieving the above objectives, RLDP, together with CEED carried out the following activities during the last year of project operation:

- Pilot and repeat training seminars to improve access to EU Structural Funds for rural development: 13 training events for a total of 29 days of seminars, attended by over 200 participants
- Regional and International workshops - 5 events attended by over 140 participants
- Two 8-day study tours to Ireland for 37 participants

All the training events were intensive, highly interactive and practical, combining short presentations (illustrated with visuals and relevant real life stories), guided discussions and other interactive activities, practical individual / group exercises, case studies. Learning by doing via practical applications and peer learning using inputs from participants were actively encouraged.

The participants, selected by the RLDP regional directors according to agreed criteria, included business people active in rural areas, farmers, producers associations, local consultants, representatives of county councils, local councils and town halls who are involved in various ways in promoting rural / local / agribusiness development.

The training events as well as the workshop and the study tours were designed to provide effective and useful networking opportunities. There were a number of guest speakers and resource persons invited from relevant Government bodies such as two counselors of the Minister of Agriculture, Heads of regional offices belonging to the Ministry of Agriculture and Rural Development in charge with management of European funds such as Agency for Payments in Agriculture, i.e. former SAPARD Agency, County Offices for Agricultural Consulting (OJCA), County Directorate of the Ministry of Agriculture, representatives of the Local Offices of the National Agency for SMEs, CDE - a microfinance NGO, National Guarantee Fund for SMEs. The representatives of Smithfield, a large US company involved in animal breeding and processing were also invited to present their business model involving partnership with local farmers.

USAID Mission representatives have handed out participation certificates in each region.

Outcomes

During one year, RLDP & CEED organized a total of 20 local, regional and International events, comprising over 50 days. More than 440 of our target beneficiaries and partners have benefit of various forms of training and practical experience for over 1300 person-days.

Beyond the measurable results of our work, we were happy to note the changes occurred and the progress made with our support in the rural area.

The beneficiaries of RLDP support acquired an essential understanding in a number of key areas that will enable the access of local/rural communities to financial sources for development especially under the Structural Funds of the EU. In particular they have:

- Gained a general understanding of the key elements governing the structural funds and other EU instruments targeting rural development (institutions, programming, financing, and payment mechanisms; programs and procedures and which projects can be financed from which source;
- Understood key concepts related to Public and Private Partnerships (PPP) and gained knowledge on establishing and developing such partnerships in their localities/regions as a basis for rural development project design, funding and implementation;
- Acquired practical skills in areas related to project design, management and implementation;
- Identified areas where they can immediately apply the knowledge acquired, thus contributing to improving access of the communities to financial sources.

Key Actions & Events

Pilot and repeat training seminars - RPLD and CEED designed and implemented a series of pilot training seminars, which were held in four regions of Romania: Oltenia, Banat, Transylvania and Moldova, between October and December 2006. The training seminar package consisted of three consecutive phases which included:

Initial training session containing two modules:

1. How to obtain financing from Structural Funds
2. How to prepare a project to be financed from Structural Funds.

Following the initial training session the participants were required to prepare a concept project proposal utilizing the knowledge and skills acquired during the initial training phase. During this time, CEED provided, upon request of trainees, mentoring, advice and support via email/telephone.

The follow-up training session contained two modules:

3. Local partnerships for successful projects
4. Presentation of individual project proposals.



The **International workshop** held in Bucharest was designed and conducted by two International experts: Tim Woods, Agricultural Economist, University of Kentucky, USA and Brian Milton, Senior Partner, Economic Development and Training Ltd, Ireland. This two-day event was an excellent opportunity to provide participants with practical examples and successful models for agribusiness development and marketing of agri-food products both from the US and Western Europe. There were active debates around concrete ways that participants could be involved in applying such models in Romania.



The two **study tours in Ireland** provided the 37 participants exposure to successful West European models for development. The participants were selected from the most active local partners of RLDP and CEED.

The overall aim of the tours was to give a wide appreciation of the programming and operation (including implementation structures for the utilization and delivery) of EU Funds as well as to observe the impact and outcome of this on the rural economy.

The visit program comprised visits, discussions and engagements with a wide range of relevant government and NGO institutions, public sector and local government institutions, rural and related sector organizations representing co-operatives, producers/processors, farmers, public and private consultants, community development and network organizations. In addition, visits were made to a wide range of different projects financed under LEADER+ and other EU funded community support program. Finally, because of the importance of developing micro-enterprise in rural areas (off-farm as an alternative to traditional on-farm employment), visits were included to county enterprise organizations which focus on micro-enterprise.

The two study tours gave a wide and clear picture of what is generally regarded in the EU as successful rural and community development and offered many models for replication and utilization within the developing rural economic and social development situation in Romania.



Impact

Projects developed: During the training seminars held, a total number of **95 concept papers** (outline project proposals) were developed by training participants from the four regions. Within a brief period of time, and in spite of the relatively scarce availability of funding opportunities in this period:

- 25 projects obtained funding (total value Euro 1,770,000)
- 13 project proposals were submitted for funding and are in the process of evaluation (total value Euro 2,657,000)

Partnership agreements: After the repeat training course organized by RLDP and CEED for the CBO's (Community Based Organizations) in 5 communes from Iași County in April and May 2007, a number of private consultants that are RLDP partners and the County Office for Agricultural Consulting (OJCA) Iași entered in a partnership with World Vision and some of the CBO's. The purpose of their partnership is to combine efforts in view of obtaining funding for the community development projects outlined during the training event. The partners have submitted 3 projects to establish local information centers.

Exchange of relevant information: The participants to the training and study tour events have been included in the RLDP database, which became an informal network to support rural, local and agribusiness development. They are receiving electronic information on relevant aspects, on a regular basis. Many of them have also started to provide inputs to the flow of information in this informal network. The participants also have access to the rural portal called www.agra.ro managed by SC Pagini Internet SRL Iași, one of the RLDP beneficiaries from Moldova. We can safely state that this exchange of information is the first step in establishing a formal, effective and active network, which would be an excellent vehicle to ensure sustainability of the USAID / USDA business and rural development support during the years to come.

International contacts and opportunities for business development:

- Immediately after the first study tour in Ireland, University and research staff from the four regions of Romania contacted peer institutions from Ireland.
- Business people from Ireland have contacted and visited some of our partners to investigate possibilities for business cooperation in areas such as horse breeding, milk processing, meat processing, and tourism.

Conclusions

- The range of activities designed and carried out by RLDP program in cooperation with CEED helped an impressive number of people from the rural area to perceive in a more positive way the changes that they are facing, and to be prepared to seize development opportunities.
- The bottom-up approach and our focus on capacity building, both for individual leaders and organizations enabled our beneficiaries to enjoy effective results and enabled a positive impact on the rural sector in the four regions we served.
- There was an excellent collaboration between the RLDP & CEED staff and the increasing network of local consultants and rural leaders. The network relationships were built on mutual trust and respect and allowed each member to benefit of the power of sharing information.
- Active and continuous support from USAID/Romania Mission and USDA HQ enabled smooth implementation of the program.
- There are good prospects to ensure sustainability of the assistance provided by the RLDP in the rural area subject to availability of financial resources to formalize the rural leaders' network, using the CEED legal status and know-how resources.



t the road ahead d

As a still predominantly agricultural-based economy, a situation that is unlikely to change within the immediate future, Romania can and should further use the experience and lessons learned both in US and European Member States, such as those made available within the RLDP project.

Further support for change in the rural economy of Romania is needed, especially at those levels which most deeply relate to the basic structures of the rural economy, those that offer the prospect of being achievable within the short term, and can be immediately beneficial at the grass-roots level.

In this respect, we identified the following directions of assistance, as the key elements of a coherent rural development strategy:

- Developing grass-roots structures for support;
- Understanding the market;
- Improving market access for primary producers and processors;
- Developing communication structures;
- Informing beneficiaries.

The Council Regulation (EC) no. 1698/2005, art. 68, stipulates the creation by each Member State of a National Rural Development Network (NRDN), designed to facilitate experience exchange, to support rural development program implementation and assessment, and to ensure the information flow at local, national and European level. Multinational partnerships between the civil society organizations will play an important role by strengthening the rural civil society and by supporting and enhancing intra and transnational cooperation in this field.

The National Rural Development Network will contribute to the stimulation of the creation of **active partnerships** in the public, private and non-governmental sectors, bringing together representatives of the local/central government involved in rural development, of the local communities, institutions, NGOs (professional association, foundations), etc. A **successful rural development** will depend to a very large extent on these partnerships. For this reason, the rural development network will have to be created and managed in a transparent, dynamic and accessible manner for all those interested and involved in rural development.

The existence in Romania of a network of active public and private organizations in the community development area, some with previous experience in community development programs or projects, able and willing to **get involved immediately in rural community development**, may be the **starting point** for the creation of a rural development network that will evolve in time, and within which various changes from different directions will occur, especially as concerns its objects, individuals and institutions involved, and actions performed.

The current Government program within the Rural Development Plan foresees the strong development of private consultants and, while Associations as such are not specifically foreseen, their existence would likely be seen as very positive for reasons of program operation, communication and in particular for ensuring a high and uniform standard of service to producers / processors and others.

Romania as a new EU Member State needs to develop strong and reliable partners for both internal actors such as the Ministry, investors, banks, advisors, but also external parties with interests to invest in Romania or in developing service / trade links. A strong and effective **Network of Consultants** would be effective in providing this.

The LEADER program that is just starting in Romania, will be of enormous importance in focusing attention at the community level. A strong independent advisory service, both public and private is essential to both prepare for, and to help to implement this vital program.

The current circumstances briefly summarized above provide good opportunities for the rural development network created with RFDL / RLDP support to continue to grow and strengthen, for the benefit of Rural Romania and of the economy as a whole.

CEED Romania has the mandate and is well positioned to take over and further expand the good work undertaken by the RFDL / RLDP program in the period 2003 - 2007 with USAID/USDA support. Our legacy is in good hands.



The RFLD/RLDP core team members:

- **Constantin Deaconescu,**
Agricultural Specialist ADAPS Project Technical Coordinator (2003-2006)
Dinu_Deaconescu@cargill.com
- **Cosmin Sabau,**
Agricultural Specialist ADAPS Project Technical Coordinator, USDA (2006-2007)
cosmin.sabau@usda.gov, scsabau@yahoo.com
- **Charles Erzinger**
in-country Project Manager (2003-2004)
(+4)0724.488.532 / ertzin@msn.com
- **Ron Prescott**
in-country Project Manager (2004-2006)
rprescot@iastate.edu

Directorii regionali:

- **Mihaela Constantinescu** - Banat and Oltenia (2003-2007)
(+4)0788.637.907 / mihaelaconstantinescu_ro@yahoo.com
- **Krisztina-Melinda Dobay** - Moldova (2004-2007)
(+4)0788.637.906 / dobaykrisztinamelinda@yahoo.com
- **Elena Nemeş Vintilă** - Transylvania (2005-2007)
(+4)0788.787.535 / elena_nemes@yahoo.com
- **Cristina Manescu**
Executive Director, CEED Romania - partner organization (2006-2007)
(+4021)323.42.72; (+4)0740.182.257 / cristina.manescu@ceed-romania.org
www.ceed-romania.org

The project was coordinated by:

- **Carmen Podani**
Project Management Specialist, Agriculture & Agribusiness, USAID Mission Romania
(+4) 0721.284.237 / cpodani@usaid.gov; carmen.podani@lycos.com
- **Mark Hawthorne**
International Affairs Specialist, USDA/FAS/OCBD/TSCB
mark.hawthorne@usda.gov
- **Scott B. Goldman**
International Affairs Specialist, USDA/FAS/OCBD/TSCB
scott.goldman@usda.gov